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Corporation Commission

DOCKETED  
BEFORE THE ARIZONA CORPORATION COMMISSION

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CARL J. KUNASEK OCT 02 2000  
CHAIRMAN

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JIM IRVIN  
COMMISSIONER

DOCKETED BY

WILLIAM A. MUNDELL  
COMMISSIONERAZ CORP COMMISSION  
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF  
MICHAEL A. CASTILLO FOR A CERTIFICATE  
OF CONVENIENCE AND NECESSITY TO  
PROVIDE CUSTOMER-OWNED PAY  
TELEPHONE SERVICE IN THE STATE OF  
ARIZONA

DOCKET NO. T-03929A-00-0695

**PROCEDURAL ORDER****BY THE COMMISSION:**

On September 13, 2000, Michael A. Castillo filed with Docket Control of the Arizona Corporation Commission ("Commission") an application for a Certificate of Convenience and Necessity ("Certificate") to provide customer-owned pay telephone service in the State of Arizona.

On September 22, 2000, the Commission's Utilities Division Staff ("Staff") filed its Staff Report in this matter.

On August 29, 2000, the Arizona Court of Appeals, Division One, ("Court") issued its Opinion in Cause No. 1 CA-CV 98-0672 ("Opinion"). The Court determined that Article XV, Section 14 of the Arizona Constitution requires the Commission to "determine fair value rate base ("FVRB") for all public service corporations in Arizona prior to setting their rates and charges." Although that Opinion will more than likely be appealed to the Arizona Supreme Court, we are going to request FVRB information at this time to insure compliance with the Constitution should the ultimate decision of the Supreme Court affirm the Court's interpretation of Section 14. We also are concerned that the cost and complexity of FVRB determinations must not offend the Telecommunications Act of 1996.

The Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

IT IS THEREFORE ORDERED that Michael A. Castillo shall file its proposed FVRB by November 3, 2000 (pursuant to A.A.C. R14-2-103(B), this may be the same as original cost rate base). The FVRB shall include the value of all plant and equipment currently held by the Company

1 and intended to be used to provide telecommunications services to Arizona customers. In doing so,  
2 Michael A. Castillo may use any reasonable means of asset allocation, direct assignment or  
3 combination thereof.

4 IT IS FURTHER ORDERED that Michael A. Castillo shall file a description of all plant and  
5 equipment currently held by the Company and intended to be used to provide telecommunications  
6 services to Arizona customers, including their cost and location by November 3, 2000.

7 IT IS FURTHER ORDERED that intervention shall be in accordance with A.A.C. R14-3-105  
8 except that all motions to intervene must be filed on or before November 3, 2000.

9 IT IS FURTHER ORDERED that in the event that Michael A. Castillo does not agree to be  
10 governed by the rates, terms, and conditions of the Generic Tariff, rates, terms, and conditions which  
11 have been determined to be just and reasonable (adopted in Decision No. 58535, February 14, 1994),  
12 Michael A. Castillo shall, in addition to the above, file information demonstrating how the value of  
13 the Company's plant and equipment (both current and projected) is related to its total service long-  
14 run incremental costs by November 3, 2000 (such demonstration must include the amount of  
15 depreciation expense and capital carrying costs related to the FVRB which has been incorporated into  
16 the long-run incremental costs).

17 IT IS FURTHER ORDERED that Staff and Intervenors shall file disagreements with the  
18 proposed FVRB and/or rates and charges by December 6, 2000.

19 IT IS FURTHER ORDERED that Michael A. Castillo shall file a reply, if any to Staff or  
20 Intervenors FVRB comments by December 13, 2000.

21 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended  
22 pursuant to Rule 6(a) or (e) of the Arizona Rules of Civil Procedure.

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1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend or waive  
2 any portion of this Procedural Order by subsequent Procedural Order or by ruling at hearing.

3 DATED this 9<sup>th</sup> day of October, 2000.

4  
5   
6 STEPHEN GIBELLI  
7 ADMINISTRATIVE LAW JUDGE

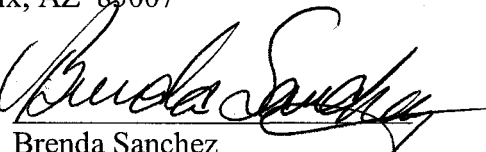
8 Copies of the foregoing mailed/delivered  
9 this 9<sup>th</sup> day of October, 2000 to:

10 Michael A. Castillo  
11 3155 West Cheryl Drive, #Jo4  
12 Phoenix, Arizona 85051

13 Lyn Farmer, Chief Counsel  
14 Legal Division  
15 ARIZONA CORPORATION COMMISSION  
16 1200 West Washington Street  
17 Phoenix, AZ 85007

18 Deborah Scott, Director  
19 Utilities Division  
20 ARIZONA CORPORATION COMMISSION  
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By:

  
Brenda Sanchez  
Secretary to Stephen Gibelli